

University of Arizona - Health Sciences Center

	FY 2012 ACTUAL	FY 2013 ESTIMATE	FY 2014 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	979.1	1,009.1	1,009.1
Personal Services	49,591,500	53,991,600	53,991,600
Employee Related Expenditures	14,049,200	14,687,900	14,687,900
Professional and Outside Services	816,000	480,700	480,700
Travel - In State	27,800	42,000	42,000
Travel - Out of State	93,700	7,700	7,700
Other Operating Expenditures	5,129,400	4,276,700	4,276,700
Equipment	942,100	186,800	186,800
OPERATING SUBTOTAL	70,649,700	73,673,400	73,673,400
SPECIAL LINE ITEMS			
Clinical Rural Rotation	341,100	357,600	357,600
Clinical Teaching Support	8,587,000	8,587,000	8,587,000
Liver Research Institute	452,900	458,500	458,500
Phoenix Medical Campus	15,647,600	20,575,200	20,575,200
Telemedicine Network	1,924,900	1,853,900	1,853,900
AGENCY TOTAL	97,603,200^{1/}	105,505,600^{2/}	105,505,600
FUND SOURCES			
General Fund	56,397,500	61,585,300	61,585,300
<u>Other Appropriated Funds</u>			
University Collections Fund	41,205,700	43,920,300	43,920,300
SUBTOTAL - Other Appropriated Funds	41,205,700	43,920,300	43,920,300
SUBTOTAL - Appropriated Funds	97,603,200	105,505,600	105,505,600
Other Non-Appropriated Funds	162,262,900	167,131,100	172,030,900
Federal Funds	105,992,600	109,172,200	112,351,500
TOTAL - ALL SOURCES	365,858,700	381,808,900	389,888,000

AGENCY DESCRIPTION — In 1994, the University of Arizona (UA) joined its Colleges of Medicine, Nursing, Pharmacy, and Public Health, its School of Health Professions, the University Medical Center, and university physicians into the Arizona Health Sciences Center (UA-HSC). UA-HSC enrolls over 3,300 undergraduate and graduate students at its 48-acre campus in Tucson. UA-HSC currently operates a medical campus in Phoenix that opened in FY 2006. The Colleges of Pharmacy and Public Health also have a presence on the Phoenix Biomedical campus, which has increased its enrollment to over 300 medical and Master of Public Health students.

Operating Budget

The Baseline includes \$73,673,400 and 629.2 FTE Positions in FY 2014 for the operating budget. These amounts consist of:

	FY 2014
General Fund	\$34,420,700
University Collections Fund	39,252,700

These amounts are unchanged from FY 2013.

Student enrollment growth and tuition and fee increases for students will contribute to an increase in university tuition and fee collections and the University Collections Fund amount will ultimately be adjusted to reflect these additional revenues. (*See the Arizona Board of Regents (ABOR) narrative for a discussion of performance funding.*)

Prior to FY 2014, annual increases would have been calculated by the part-statutory, part-conventional student enrollment funding formula that was based in part on projected student growth. This formula is discontinued due to the FY 2013 Higher Education Budget

^{1/} Includes a total of \$3,248,300 GF appropriated in FY 2012 for costs associated with an additional pay period. These expenditures were not reflected in the individual agency tables in the *FY 2012 Appropriations Report*.

^{2/} In addition to these amounts, the FY 2013 General Appropriation Act included one-time FY 2013 adjustments for a state employee health insurance premium holiday and employee retention payments. The adjustments include a reduction of \$(542,700) GF for the premium holiday.

Reconciliation Bill (BRB) (Laws 2012, Chapter 301) requirement that ABOR and the universities adopt a performance funding model by July 1, 2012. (*Please see Other Issues for Legislative Consideration for more information.*)

Clinical Rural Rotation

The Baseline includes \$357,600 and 6.1 FTE Positions from the General Fund in FY 2014 for the Clinical Rural Rotation program. These amounts are unchanged from FY 2013.

This line item funds the Rural Health Professions Program, which enables nurse practitioner, medical, and pharmacy students to plan and complete clinical practice rotations in rural and medically under-served sites throughout the state.

Clinical Teaching Support

The Baseline includes \$8,587,000 and 212 FTE Positions from the General Fund in FY 2014 for Clinical Teaching Support. These amounts are unchanged from FY 2013.

Clinical Teaching Support provides hospital training, through internships and residencies, for medical, nursing, clinical, and other health students in a wide variety of specialty areas. Students fill all the above-mentioned FTE Positions. Since participation in the program has been stable for several years, the funding summary above includes these FTE Positions.

Liver Research Institute

The Baseline includes \$458,500 and 6.5 FTE Positions from the General Fund in FY 2014 for the Liver Research Institute. These amounts are unchanged from FY 2013.

The Liver Research Institute conducts clinical studies on all liver diseases, focusing on chemical and natural agents that may offer a cure for such ailments. The line item also supports a research development program that actively pursues outside grants and donations.

Phoenix Medical Campus

The Baseline includes \$20,575,200 and 140.4 FTE Positions in FY 2014 for the Phoenix Medical Campus (PMC). These amounts consist of:

General Fund	15,907,600
University Collections Fund	4,667,600

These amounts are unchanged from FY 2013.

The Phoenix Biomedical Campus has 195 medical students. Each entering class now includes 80 students. By FY 2025, UA envisions developing a campus of

approximately 1,200,000 square feet incorporating research, instruction, and clinical facilities to serve a planned population of 480 medical students, 250 graduate students, and 1,660 science students.

Laws 2008, Chapter 287 as amended by Laws 2009, 1st Special Session, Chapter 6 and Laws 2009, 3rd Special Session, Chapter 9 authorized ABOR to enter into lease-to-own and bond transactions up to a maximum of \$800,000,000 to pay for building renewal projects and new facilities of which ABOR is required to allocate \$376,000,000 for the Phoenix Biomedical Campus.

The first phase of this project included \$172,940,000 in university lottery bonding for construction of the Health Sciences and Education Building and renovation of the Arizona Biomedical Collaborative 1 Building. Bonds for the first phase totaling \$121,126,000 were issued by UA in June 2010 and construction was completed in spring 2012. (*For additional information on university lottery bonding, please see the Capital Outlay - ABOR Building System section of this report.*)

In addition to the lottery bonding funding, the universities also received a \$15,000,000 federal grant to build an animal-related research building on the Phoenix Biomedical Campus for animal-related research. Since this was a federal grant, the Joint Committee on Capital Review (JCCR) review was not required. This project was completed in spring 2012.

In December 2012, the Joint Committee on Capital Review favorably reviewed UA's planned system revenue bond issuance of \$73,200,000 to fund a portion of the UA Cancer Center on the Phoenix Biomedical Campus. The bond will be issued in February 2013 and the debt service will be paid with university system revenues, rather than lottery revenues.

Telemedicine Network

The Baseline includes \$1,853,900 and 14.9 FTE Positions from the General Fund in FY 2014 for the Telemedicine Network. These amounts are unchanged from FY 2013.

Telemedicine is the use of computers, video imaging, broadband Internet channels, and other telecommunication technologies to diagnose and treat patients in rural communities and state penitentiaries

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FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes (Please see ABOR for universitywide standard footnotes.)

It is the intent of the Legislature that the General Fund base funding for University of Arizona - Health Sciences Center is \$61,585,300. This appropriation includes a deferral of \$16,776,700 from FY 2014 to FY 2015.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

Payment Deferral

The Baseline includes \$16,776,700 from the General Fund for FY 2013 payments that were deferred until FY 2014 and includes a FY 2014 General Fund payment deferral of

\$16,776,700 until FY 2015. These amounts constitute a portion of a \$200,000,000 universitywide payment deferral. The payment deferral is unchanged from FY 2011. (Please see ABOR for more information.)

The FY 2014 General Fund Baseline is \$61,585,300. Of this amount:

- \$44,808,600 would be included in UA-HSC's individual section of the FY 2014 General Appropriation Act.
- \$16,776,700 was appropriated in the FY 2013 General Appropriation Act (Laws 2012, Chapter 294) to reflect the deferral of FY 2013 monies to FY 2014.

SUMMARY OF FUNDS	FY 2012 Actual	FY 2013 Estimate
Auxiliary Fund (UNI8906/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Sales revenues of substantially self-supporting university services.		
Purpose of Fund: To provide university-related non-academic services for students, faculty, staff, and the public. Auxiliary enterprises include student housing, bookstores, student unions, and intercollegiate athletics.		
Funds Expended	7,955,200	8,193,900
Year-End Fund Balance	1,482,000	2,375,600
Designated Fund (UNI8905/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Retained tuition and fees, summer session fees, student aid administrative allowances, and unrestricted gifts and grants.		
Purpose of Fund: To provide and administer student financial aid, to pay debt service on university bonds, and to run summer and winter session programs. The university designates monies in the fund into sub-accounts for specific purposes. Indirect Cost Recovery, a Designated Fund sub-account, is presented separately.		
Funds Expended	51,239,100	52,776,500
Year-End Fund Balance	43,636,100	53,413,200
Endowment and Life Income Fund (UNI8904/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Interest income on invested endowment and life income gifts, a portion of financial aid trust fees assessed to students, and a portion of university trust land earnings.		
Purpose of Fund: To support endowment operations and compensate designated beneficiaries.		
Funds Expended	0	0
Year-End Fund Balance	59,522,900	61,994,200
Federal Grants (UNI8903/A.R.S. § 15-1666)		Non-Appropriated
Source of Revenue: Federal grants and contracts.		
Purpose of Fund: To support specific operating and research purposes as identified by the federal government.		
Funds Expended	80,238,500	82,645,700
Year-End Fund Balance	17,202,800	11,242,300
Federal Indirect Cost Recovery Fund (UNI8902/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Federally-sponsored research programs.		
Purpose of Fund: To assist and promote federally sponsored research.		
Funds Expended	25,754,100	26,526,500
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2012 Actual	FY 2013 Estimate
Indirect Cost Recovery Fund (Non-Federal) (UNI8900/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Non-federally sponsored research programs.		
Purpose of Fund: To assist and promote non-federally sponsored research.		
Funds Expended	2,709,000	2,790,300
Year-End Fund Balance	0	0
Restricted Fund (Excluding Federal Funds) (UNI8907/A.R.S. § 15-1601)		Non-Appropriated
Source of Revenue: Private and non-federal grants, including non-appropriated Technology and Research Initiative Fund grants (<i>please see the ABOR Summary of Funds</i>), as well as a portion of financial aid trust fees assessed to students.		
Purpose of Fund: To support specific operating and research purposes as identified by the private or non-federal donating entities.		
Funds Expended	100,359,600	103,370,400
Year-End Fund Balance	4,050,800	3,611,700
University Collections Fund (UAA1403/A.R.S. § 15-1626)		Appropriated
Source of Revenue: Tuition and registration fees, as well as a portion of university trust land earnings.		
Purpose of Fund: To operate the university.		
Funds Expended	41,205,700	43,920,300
Year-End Fund Balance	0	0